



## Missouri Department of Natural Resources Energy Center

### MISSOURI ENERGY BULLETIN

March 20, 2003

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources Energy Center. The Energy Bulletin is a public resource that is made available to state government decision-makers, to any other interested individual upon request and on-line at the Energy Center Internet site.

The Department of Natural Resources, Energy Center thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's (USDOE) Energy Information Administration (EIA) and Chicago Regional Office; the National Association of State Energy Officials (NASEO); the Missouri Propane Gas Association (MPGA) and the Propane Education and Research Council (MoPERC); the St. Louis AAA Auto Club; regional state energy offices; and, Missouri's energy retailers.

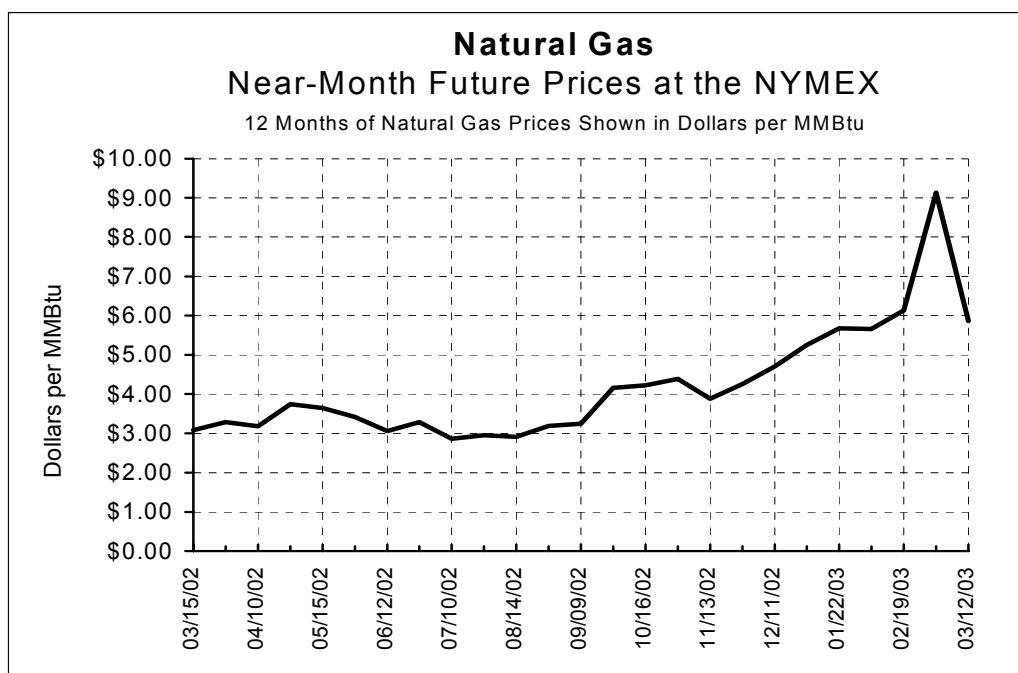
The Energy Center collects transportation and propane heating fuel prices from various retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. Unless otherwise noted, energy prices and supplies shown throughout this bulletin are from Mar. 17, 2003. Also shown are energy data from a month ago, Feb. 17, 2003, and from a year ago, Mar. 18, 2002.

#### **Heating Fuels**

Heating fuels tracked in the Missouri Energy Bulletin include natural gas, propane and residential heating oil. All heating fuel prices and supplies reported in the bulletin from October through March are updated in every new release of the bulletin. From April through September, propane and heating oil prices and supplies are either not available or revised once a month.

#### **Natural Gas**

- The spot price for natural gas at the Henry Hub, throughout this last month, decreased by 0.80 dollars per MMBtu (13 percent) moving from 6.10 to 5.30 dollars per MMBtu. Throughout this last year, the price paid increased by 2.12 dollars per MMBtu moving from 3.19 to 5.30 dollars per MMBtu, an increase of 66 percent. (Source: *Wall Street Journal*, Mar. 18, 2003)
- The near-month contract settlement price paid for natural gas futures at the NYMEX, throughout this last month (Feb. 19 to Mar. 12), decreased by 0.27 dollar per MMBtu (4 percent) moving from 6.13 to 5.87 dollars per MMBtu. Throughout this last year (Mar. 15, 2002 to Mar. 12, 2003), the price paid increased by 2.79 dollars per MMBtu moving from 3.08 to 5.87 dollars per MMBtu, an increase of 91 percent.
- At the NYMEX, the price of the futures contract for April delivery at the Henry Hub declined nearly 36 cents since Wednesday, March 12, to settle at \$5.507 per MMBtu on Monday, March 17. The price of the futures contracts for May 2003 delivery also fell by 36 cents per MMBtu to \$5.440 during the same period.

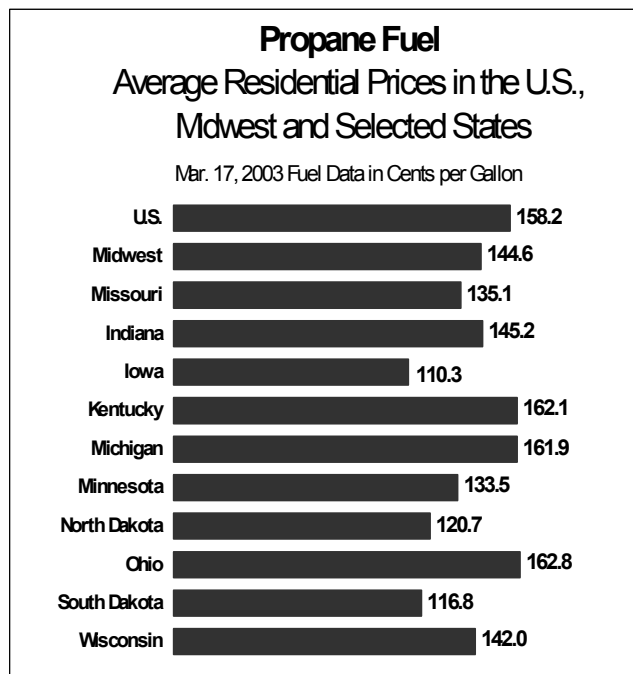


- Working gas in storage was 721 Bcf as of Friday, March 7, 2003, according to the EIA Weekly Natural Gas Storage Report, which is roughly 48 percent below the 5-year average for the report week.
- Working gas in storage for the Lower 48 States already is less than the previous low at the end of the traditional heating season (March 31), although still above the minimum of 697 Bcf, which was recorded on April 12, 1996. The implied net withdrawal for the week was 117 Bcf, which is nearly double the 5-year average of 63 Bcf for the week.
- Compared to 2001-2002 levels, natural gas prices are higher in the 2002-03 heating season because prices bottomed out in the summer and fall of 2001 from several factors -- increased production capacity that reached a record-setting peak of 1,068 rigs during the week ended July 13, 2001; lower gas demand from the economic downturn magnified by Sept. 11; an easing of petroleum prices; and more natural gas in storage at that time.

### **Propane**

- The average price paid for residential propane in **Missouri**, throughout this last month, increased by 8.5 cents per gallon (7 percent) moving from 126.6 to 135.1 cents per gallon. Throughout this last year, the price paid for propane increased by 41.8 cents per gallon moving from 93.3 to 135.1 cents per gallon, an increase of 45 percent.
- The average price paid for residential propane in the **United States**, throughout this last month, increased by 8.6 cents per gallon (6 percent) moving from 149.6 to 158.2 cents per gallon. Throughout this last year, the price paid increased by 46.2 cents per gallon, an increase of 41 percent.

- Propane stocks in the **United States**, throughout this last month (Feb. 14 to Mar. 14), were down by 4.8 million barrels moving from 22.9 to 18.2 million barrels, a decrease of 21 percent. In the **Midwest**, stocks were down by 4.5 million barrels (45 percent) moving from 9.9 to 5.4 million barrels.
- Propane stocks in the **United States**, throughout this last year (Mar. 15, 2002 to Mar. 14, 2003), were down by 21.6 million barrels (54 percent) moving from 39.8 to 18.2 million barrels. In the **Midwest**, stocks were down by 9.8 million barrels moving from 15.2 to 5.4 million barrels, a decrease of 65 percent.
- With the last of winter sweeping across the upper plains last week, U.S. inventories of propane fell nearly 0.7 million barrels, slipping about 0.3 million barrels below the Lower Operational Level (LOI) to end the week of March 14, 2003. An inventory level below the LOI may be indicative of a situation where supply flexibility could be constrained, which may already be occurring in some parts of the nation as inventories reach historically low levels.
- Reports of supply constraints were beginning to surface in the Mid-continent region in recent days as some storage operators and pipeline companies were scrambling to maintain propane supplies to consumers in the region.
- The Mid-America Pipeline Company supplies propane to the Kearney and Moberly, Missouri terminals. Both were temporarily closed from March 14 – 18 due to the lack of propane supplies. They reopened on March 18 and have provided limited supplies of propane on an allocation basis. Most propane is produced from natural gas. Producers have found it more profitable to leave the propane in the natural gas because natural gas was commanding higher prices. This reduced production level, cold winter and changes in export/import movement of propane have led to this late-season crunch.



### ***Residential Heating Oil***

- The average price paid for residential heating oil in the **Midwest**, throughout this last year, increased by 47.9 cents per gallon (47 percent) moving from 101.7 to 149.6 cents per gallon. In the **United States**, the average price paid increased by 62.1 cents per gallon (53 percent) moving from 118.2 to 180.3 cents per gallon.
- Residential heating oil stocks in the **Midwest**, throughout this last month (Feb. 14 to Mar. 14), were up by 1.0 million barrels (15 percent) moving from 6.7 to 7.7 million barrels. In the **United States**, stocks were down by 3.4 million barrels (9 percent) moving from 40.0 to 36.6 million barrels.

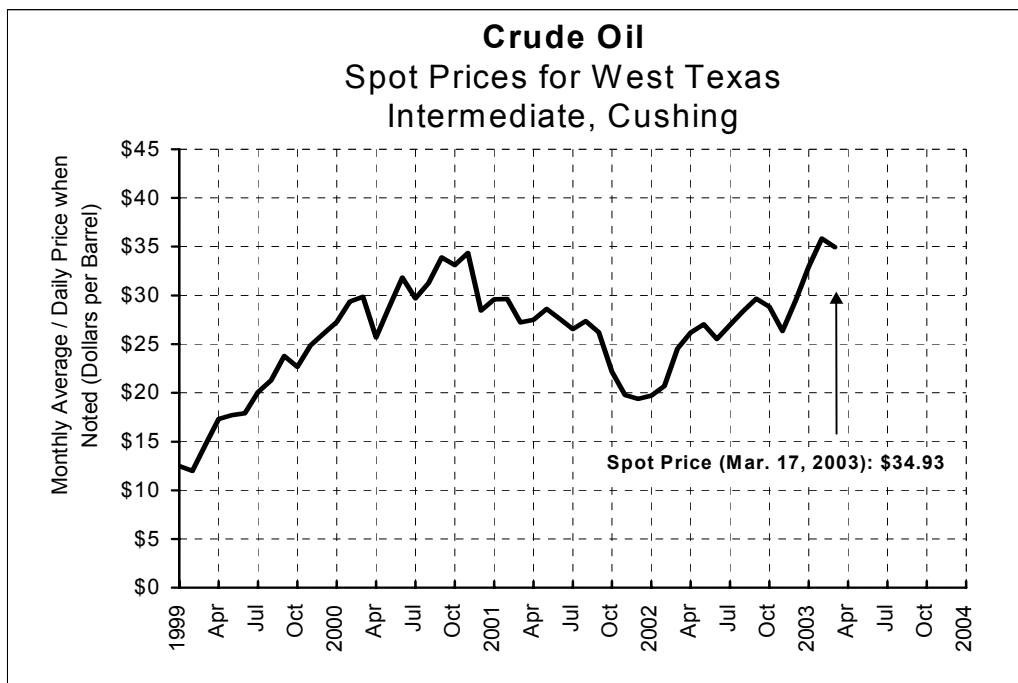
- Residential heating oil stocks in the **Midwest**, throughout this last year (Mar. 15, 2002 to Mar. 14, 2003), remained unchanged at 7.7 million barrels. In the **United States**, stocks were down by 14.0 million barrels (28 percent) moving from 50.6 to 36.6 million barrels.
- The American Petroleum Institute (API) and the U.S. DOE report variances on current U.S. distillate levels through March 14. According to DOE, distillates showed a stock drop of 1.1 million barrels, while API had inventories up 1.29 million barrels. DOE shows distillate supply 29.9 million barrels behind same-period last year and API shows a 24.03 million barrel shortfall. (Sources: *USDOE*, March 18, 2003; *API*, March 18, 2003)

### **Coal**

- Coal-fired electric power plants located in Missouri produced 84 percent of all electric power used throughout the state in 2001. Of all coal delivered to Missouri during 2000, about 96 percent came from Wyoming.
- The monthly average price paid for Wyoming, Powder River coal, throughout this last month (Jan. to Feb.), decreased by 0.03 dollars (1 percent) moving from 5.71 to 5.68 dollars per ton. Throughout this last year (Feb. 2002 to Feb. 2003), the average price paid decreased by 0.43 dollars moving from 6.11 to 5.68 dollars per ton, a decrease of 7 percent. (Source: *Wyoming Insight*, Feb. 21, 2003)
- For the week ended March 8, estimated coal production totaled 20.3 million short tons (mmst), 0.7 mmst lower than in the comparable week in 2002. Railcar loadings of coal were 1.2% higher than year-ago levels; estimated national coal production was 3.2% lower. The estimated production for the month of February 2003 was 81.1 mmst, 9.7% lower than the 89.8 mmst in February 2002.

### **Crude Oil**

- The spot price of crude oil (West Texas Intermediate - Cushing), throughout this last month, decreased by 2.05 dollars per barrel (6 percent) moving from 36.98 to 34.93 dollars per barrel. Throughout this last year, the spot price increased by 9.80 dollars per barrel moving from 25.13 to 34.93 dollars per barrel, an increase of 39 percent. (Source: *Wall Street Journal*, Mar. 18, 2003)
- Believing that uncertainty over the war with Iraq and the decrease in Venezuelan exports were the main reasons prices had risen near \$40 per barrel, within the first hour following the initiation of military action in Iraq on Wednesday, March 18, the market responded with confidence that the military action would be decisive and crude oil supplies would be sufficient. The NYMEX ACCESS trading system saw April WTI crude futures fall by more than \$1.00/barrel, putting the contract at \$28.88/barrel. It closed below \$30/barrel for the first time in 2003 on the afternoon of March 17 with a price of \$29.88. May WTI was also falling from the March 19 close of \$29.36 to \$28.39/barrel. (Source: *U.S. DOE and OPIS/NYMEX*)
- The U.S. DOE estimates that Venezuela is now producing approximately 2.1 to 3 million barrels of crude oil per day. OPEC has committed to producing 24.5 million barrels per day to avoid any world oil supply disruptions. Crude oil inventories stand at 270.2 million barrels according to the U.S. DOE for the week ending March 14, a reduction of 400,000 barrels for the week and 53.3 million barrels compared to the same period last year. (Source: *U.S. DOE EIA*)
- Crude oil imports have averaged over 8.3 million barrels per day over the last four weeks -- 300,000 barrels per day less than averaged during the same four-week period last year. (Source: *U.S. DOE EIA*)



### Transportation Fuels

- The average retail price paid for regular unleaded gasoline in **Missouri**, throughout this last month, increased by 3.1 cents per gallon (2 percent) moving from 156.1 to 159.2 cents per gallon. Throughout this last year, the price paid increased by 35.9 cents per gallon moving from 123.3 to 159.2 cents per gallon, an increase of 29 percent.
- The average retail price paid for regular unleaded gasoline in the **United States**, throughout this last month, increased 6.8 cents per gallon (4 percent) moving from 166.0 to 172.8 cents per gallon. Throughout this last year, the price paid increased by 44.0 cents per gallon, an increase of 34 percent.
- The average retail price paid for highway diesel fuel in **Missouri**, throughout this last month, increased by 4.7 cents per gallon (3 percent) moving from 162.9 to 167.6 cents per gallon. Throughout this last year, the price paid increased by 49.0 cents per gallon moving from 118.6 to 167.6 cents per gallon, an increase of 41 percent.

### Regular Unleaded Gasoline

Average Retail Prices in the U.S.,  
Midwest, Missouri and Missouri Regions

Mar. 17, 2003 Fuel Data in Cents per Gallon

U.S.	172.8
Midwest	168.3
Missouri	159.2
Central, Mo.	160.3
Kansas City, Mo.	161.1
Northeast, Mo.	158.1
Northwest, Mo.	160.5
St. Louis, Mo.	159.7
Southeast, Mo.	158.9
Southwest, Mo.	157.8

- Strong gasoline demand ahead of the normal seasonal increase, extensive refinery maintenance, and still tight crude oil supply, may be pointing to added price pressure in the months ahead. Also, the

effect of the possible war in Iraq is impossible to predict, as the length of the conflict and collateral damage to petroleum facilities, or the lack thereof, could push crude oil prices either way. (U.S. DOE)

- For the week ending March 14, U.S. crude oil, gasoline, distillate fuel (including diesel and heating oil), residual fuel, and propane inventories are all below the lower end of the normal range for this time of year.
- Total motor gasoline stocks in the **Midwest**, throughout this last month (Feb. 14 to Mar. 14), were down by 0.5 million barrels (1 percent) moving from 50.6 to 50.1 million barrels. In the **United States**, stocks were down by 10.1 million barrels moving from 211.2 to 201.1 million barrels, a decrease of 5 percent.
- Total motor gasoline stocks in the **Midwest**, throughout this last year (Mar. 15, 2002 to Mar. 14, 2003), were down by 2.3 million barrels (4 percent) moving from 52.4 to 50.1 million barrels. In the **United States**, stocks were down by 8.0 million barrels moving from 209.1 to 201.1 million barrels, a decrease of 4 percent.
- Daily production of total finished gasoline in the **Midwest**, throughout the week ending Mar. 14, decreased from 1,925,000 to 1,896,000 barrels. Daily production in the **Gulf Coast** region, a major supply source of gasoline to Missouri, increased from 3,279,000 to 3,304,000 barrels. This compares to year-ago daily production levels of 1,722,000 barrels in the **Midwest** and 3,643,000 barrels in the **Gulf Coast**.

